Approved For Release 2004/03/17 : CIA-RDP85T00875R001600040048-5

Secret

DIORS

25X1



DIRECTORATE OF INTELLIGENCE

Intelligence Memorandum

Cuba's Expanding Merchant Marine

25X1

Secret

ER IM 71-47 March 1971

CENTRAL INTELLIGENCE AGENCY Directorate of Intelligence March 1971

INTELLIGENCE MEMORANDUM

Cuba's Expanding Merchant Marine

Introduction

During the last decade Cuba's merchant fleet grew from 21 to 58 ships. The fleet, however, has received more public attention because of engine breakdowns, sinkings, use of Soviet officers, defections, and fomenting of revolutionary activity than it has for the carriage of cargo. This memorandum examines the expansion of the Cuban merchant marine, its role in the carriage of Cuban seaborne trade, and its use for political warfare.

Growth of the Fleet

1. When Castro seized power at the beginning of 1959, there were only 16 ships in the Cuban merchant fleet. Expansion of the fleet was modest in the early 1960s. Although the number of ships doubled and their tonnage tripled during 1959-64, about one-third of the additions were used ships and almost one-half of the new tonnage came from three new Polish vessels. Attempts to purchase new ships were often rebuffed by the principal shipbuilding nations because of Cuba's poor credit standing and because of US-OAS efforts to limit trade with Cuba.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within CIA.

2. In 1965, however, Cuba succeeded in concluding a contract with Spain for ten dry cargo ships of 9,000 gross register tons (GRT) or more, as well as two refrigerator ships, two ferries, and 26 fishing ships. Most of the merchant ships were delivered in 1966, bringing acquisitions in that year to ten ships totaling more than 63,000 tons -- the peak annual volume of acquisitions during the 1960s. Acquisitions slowed between 1967 and 1969, possibly because of shortages of trained ship's officers and crews. During this period, however, two 10,000-GRT ships were purchased from Sweden,

25X1 25X1

4. In 1970, Cuba also set out to expand its minuscule tanker fleet, purchasing two used tankers -- the Hermanas Giralt (1,225 GRT) from Spain and the 5 de Septiembre (12,538 GRT) from Japan -- and ordering three new tankers of more than 12,000 GRT each from the USSR. The first of the Soviet tankers -- the 7 de Noviembre (12,189 GRT) -- arrived in Havana in November 1970,

25X1

25X1 25X1

dent in Cuba's transportation requirements for importing petroleum, which were met in 1970 by 226 voyages of Soviet tankers, most of them with a GRT in excess of 22,000 tons. The new Cubanflag tankers will probably be used in cabotage, eventually replacing the three or four Soviet tankers usually assigned to Cuban waters for this purpose.

5. The Cuban merchant fleet at the end of 1970 consisted of 58 ships totaling over 330,000 GRT (see Table 1). This is more than three times the number of ships and almost eight times the tonnage in the fleet when Castro came to power, as shown in the following tabulation:

	Cumulative		
Year End	Number of Ships a	Thousand GRT	
1958	16	42	
1960	21	53	
1964 1965 1966	33 35 45	135 154 218	
1969 1970	53 58	288 330	

a. Ships of 900 GRT or more.

6. The Cuban merchant fleet now ranks 45th in size among the merchant fleets of the world and is about the same size as the fleets of Singapore, Mexico, Venezuela, and Romania. The composition of the Cuban fleet as of the end of 1970 is shown in the following tabulation:

Туре	Number of Ships	Thousand GRT
Dry cargo	44	271
Refrigerator	6	23
Tanker	6	31
Bulk cargo	2	5
Total	5.8	330

Administration

In August 1970, Castro took responsibility for Cuban merchant marine affairs from the Ministry of Transportation and gave it to a new Ministry of Merchant Marine and Ports.* The Navigation Directorate of the new ministry assumed control of the five state-owned shipping companies (collectively called Mambisas) that own and operate all of the ships in the Cuban merchant fleet. Empresa Consolidada de Navegacion Mambisa (MAMBISA) is by far the most important of these companies, operating more than 45 ships, including virtually all of those in international trade and most of those in cabotage. MAMBISA is a member of the Cuban-Baltic Conference (CUBALCO), which was formed in 1963 in conjunction with Polish, East German, and Czechoslovak shipping companies to coordinate shipping between the Baltic Sea and MAMBISA usually represents the Ministry of Merchant Marine and Ports in negotiations for ship purchases and is responsible for the maintenance and repair of all Cuban merchant ships. The other Cuban shipping companies, all of them small, are Empresa Consolidada del Cemento (ECC), Empresa Cubana del Navigacion (ECN), Empresa Nacional de Cabotaje (ENC), and Empresa Consolidada del Petroleo (ECP).

* The new n solve Cuba's which began into 1971.	in the spr	a nont a	$\alpha u \alpha \alpha \alpha +$	· ~ ~ ~ ~ ~ ~	L 1
1072		+			

The Merchant Marine Academy in Mariel, established in 1964 under the supervision of the Naval Academy, provides most of the captains and deck and engineer officers for the Cuban merchant fleet. Additional maritime personnel are trained by the Maritime Technical School in Matanzas. During the period of accelerated expansion of the Cuban fleet in 1966-67, Soviet nationals spent one to two years on board Cuban ships as captains and senior officers. Although they alleviated the shortage of trained officers, their relations with Cuban personnel were generally unsatisfactory. Almost all of them have departed, although many Soviet officers are still detailed to Cuban fishing ships.

25X1

The Carriage of Cuban Trade

- 9. In 1970, Cuba's merchant fleet carried more than 1.1 million tons of cargo -- about evenly divided between imports and exports -- representing 6% of Cuba's total seaborne trade (see Table 2). This was a sharp increase from 1963, when the fleet carried 370,000 tons or slightly more than 3% of Cuba's seaborne trade. This increase was concentrated in a threefold jump in the carriage of export cargoes.
- 10. The increased movement of Cuban trade in Cuban flag ships has saved hard currency previously expended on chartering Free World ships and has offset in part the decline in Free World shipping to Cuba since 1963.*
- 11. Castro would like to reduce hard currency transportation costs even more. An article in Granma in 1967 specified that the Cuban merchant fleet should eventually carry 50% of Cuba's foreign trade but this would require a sixfold increase in the tonnage carried by the Cuban fleet -- a remote prospect. A more feasible, but still unlikely achievement would be the taking over of

all cargoes carried by Free World ships, which moved 21% of Cuba's trade in 1970. This would save Cuba's hard currency on the order of \$40 million annually.

- Although the most obvious way to increase the Cuban fleet's share in carriage of foreign trade would be through further expansion, much could be done to improve the efficiency of its operation. Cuban dry cargo ships in international trade in 1970 carried only about three and onehalf times their deadweight tonnage, whereas merchant ships throughout the world carried on the average about six times their deadweight tonnage.
- Despite this relatively poor showing, the Cuban merchant fleet has shown marked improvement in its operation. During the first half of the 1960s, the few ships in the fleet appeared to wander aimlessly about the world, were subject to frequent breakdowns, and suffered from defections of officers and crews.* The efficiency of the fleet began to improve in late 1967 as a result of better voyage scheduling, use of the new ships acquired in 1966, and employment of Soviet officers. Moreover, there was a major reorganization of MAMBISA in the fall of 1968 aimed at improving both efficiency and security. The latter objective was to be attained by detailing to each Cuban ship Communist Party cadres with training in intelligence, by increased control of the families of crew members in Cuba, and by more careful screening of officers and crews. Thereafter defections decreased.

Trade Patterns

14. The Cuban merchant fleet is principally engaged at present in trade with Western Europe, East Asia, Canada, and Martinique (see Table 3)

and in a fairly extensive cabotage service. locations of ships as of 31 December 1970, see the map.) Most of the larger, more modern ships in the Cuban fleet are involved in the Far East Each month, about four Cuban flag ships trade. arrive in Japan -- Cuba's largest Free World purchaser of sugar. Cuban ships also deliver sugar to Communist China, North Korea, North Vietnam, Malaysia, and Singapore. After discharging sugar in Japan; they frequently load metal products, electrical goods, machinery, and fertilizers in Japan and top off with rice and textiles in Communist China, fertilizers and cement in North Korea, and occasionally coal in North Vietnam. Cuban ships also call at the Soviet Far Eastern port of Nakhodka to load frozen fish.

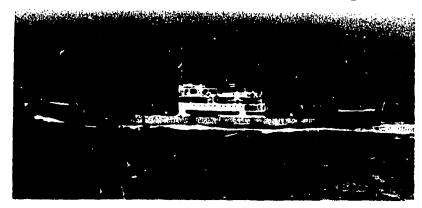
- 15. Cuban ships of between 3,000 and 8,000 GRT call primarily at West European ports in Spain, Italy, France, and West Germany, delivering export cargoes -- mostly sugar but also tobacco, fruit, fish, and ores -- and loading fertilizers, metal products, chemicals, vehicles, and electrical equipment for Cuba. Only rarely does a Cuban ship call at Soviet or East European Communist ports. About four or five small Cuban ships -- ranging from 500 to 3,500 GRT -- are engaged in trade with Canada at any one time. They generally carry exports of sugar, fruit, and tobacco to Halifax and St. John where they pick up imports of livestock, machinery, wheat, and potatoes.
- 16. Cuban ships call only occasionally at other Caribbean Islands, and these are usually the smaller ones. During 1970, several of Cuba's smaller and older ships were involved in a fledgling trade with Guadaloupe and Martinique, exchanging Cuban cement for pincarely.

Approved For Release 2 <u>004/03/17 : CIA-RDP85T00875</u> R001600040048-5	25X1
	25X1
17. In the past, Cuban ships have made a few calls at Vera Cruz, Mexico, to load pinto beans. During the summer of 1970 four Cuban ships also made single calls at Vera Cruz, Manzanillo, and Tampico to bunker. Because of difficulties with Mexican officials, these calls were not repeated.	
18. In 1970 the first Cuban merchant ships in almost a decade to call in a South American country made two voyages to Chile.* On 1 August the El Jique (9,408 GRT) arrived at the Chilean port of San Antonio from Dairen, China, to load beans and wine and to embark ten political exiles from Bolivia. On 3 November the Bahia de Cochinos (10,972 GRT), one of the ships purchased from Sweden in 1969, arrived in Valparaiso with a Cuban delegation attending Allende's inauguration.	
	25X1 25X1
19. Cuban freighters occasionally undertake other political voyages,	25X1
	25X1
	25X1

25X1

especially selected for their loyalty to the Castro regime.

In 1970 the Conrado Benites (see the photograph) and the Luis Arcos Bergnes transported more than 1,000 members of the Venceremos Brigades -leftist students, mostly US nationals -- between St. John, New Brunswick, and Havana. In the past, Free World student and tourist groups have traveled to Cuba almost exclusively by air. Thus the first of the Venceremos Brigades, over 200 persons, arrived by air via Mexico City in December 1969. All subsequent transportation of these groups, however, was by Cuban freighters fitted with extensive, though poor quality, passenger accommodations in a series of voyages extending from February to October 1970. The first two Brigades worked for six weeks in Cuban cane fields while the third group worked primarily in citrus groves on the Isle of Pines. When their work was completed, the groups were given two-week tours of Cuba and then returned to Canada by ship.



The Merchant Ship Conrado Benitez (6,745 GRT), One of the Two Cuban Ships Which Carried Members of the Venceremos Brigades Between Canada and Cuba in 1970.

25X1

- 9 -

Approved For Release	2004/03/17 : CIA-RDP85T0087	[5R001600040048-5
	Conclusions	

24. The Cuban merchant marine, which has expanded to almost eight times its 1958 tonnage, carries about 6% of Cuba's international trade and most of the dry cargo coastal trade. also played a limited political, paramilitary role

25X1

25. At the end of 1970 this state-owned fleet contained 58 ships totaling 330,000 GRT and ranked about 45th among the world's merchant fleets. tanker component of the fleet mushroomed from 5,000 to 31,000 GRT in 1970, and two more tankers are scheduled for delivery in 1971. The fleet

25X1

will continue to grow as the Castro regime seeks to minimize its hard currency expenditures for chartering foreign ships.

- 26. Much of the international activity of the fleet is concentrated in Cuba's trade with Free World countries -- Japan, Spain, Italy, and France. Voyages to Communist countries in 1970 included an average of two calls a month at ports in Communist China; eight deliveries, mostly sugar, to North Vietnam; and an occasional stop in North Korea.
- 27. Despite some improvement in efficiency in the last three years, Cuban fleet performance compares unfavorably with that of the rest of the world in the ratio of tonnage carried to GRT. Mcreover, the continuing port congestion in Cuba would tend to offset improvement in the fleet's operations at sea. Thus any significant increase in the fleet's carriage of Cuban trade is more likely to stem from further ship acquisitions than from more efficient use of the existing fleet.